



FY 1999 Annual Performance Goals/Results

Overall Mission Performance

In the enforcement area, Customs seized a record amount of narcotics in FY 1999, due in part to several successful special operations. Customs continued its efforts to enhance cooperation and intelligence sharing with federal, state, local, and international law enforcement agencies through the operation of two new centers -- the Customs Money Laundering Coordination Center (MLCC) and the Forced Child Labor Command Center -- as well as through increased support to outside agency initiatives in the areas of export-controlled materials and stolen property. To compliment its efforts combating child pornography on the Internet, in FY 1999 Customs established a special unit to focus on other "cyber" crimes.

In the trade area, Customs continued its efforts to modernize its commercial systems and improve its efforts to educate companies on importing and exporting cargo and merchandise in conformity with existing laws and regulations. This included continuation of existing, and implementation of new, automated programs and prototypes such as:

Reconciliation, Remote Location Filing, and the National Customs Automation Program (NCAP) Prototype. Recognizing the need to balance better enforcement of trade laws with the increasing demand for facilitation of cargo and reducing costs of compliance with the reality of rapidly expanding trade, Customs has started implementing a systematic risk management process.

This risk management process is a four-step methodology that assists Customs in identifying those imports that represent the greatest risk of non-compliance and focusing our resources in those areas. Established Customs programs such as compliance measurement, compliance assessment, account management, and Enforcement Evaluation Teams are critical components of this risk management process.



Miami, FL, Customs Officers x-ray cargo using one of Customs x-ray vans.

Customs continues to support the Administration's efforts in promoting more transparency in the procedural requirements for international trade by participating in international trade forums. These include the Free Trade Area of the Americas negotiations, the Asian Pacific Economic Cooperation, and expansion of the Caribbean Basin Initiative. The results of these efforts are set forth below.

Enforcement Systems

Enforcement Systems strategies encompass Narcotics, Money Laundering, Trade Fraud, Strategic Investigations, and Cybersmuggling. Enforcement systems activities complement those of Customs core business processes by focusing on the willful violator and identifying and dismantling organizations used to facilitate international crimes and the persons involved. The common goal of all Customs Enforcement Systems strategies is to disrupt the individuals, organizations, and the methods used to violate laws enforced by Customs.

Narcotics: During FY 1999, Customs seized or assisted in the domestic seizure of 1,392,849 pounds of narcotics. The quantity of narcotics seized rose by 207,554 pounds, or 17.5 percent, above FY 1998. Additionally, the quantities seized increased 1.8 percent for cocaine, 20.1 percent for marijuana, 19.4 percent for other drugs, and the quantity of heroin seized declined by 30.5 percent.

The increase in the total quantity of narcotics seized is a result of various operational successes during FY 1999. Operation Conduit is a joint effort by Customs, the Drug Enforcement Administration (DEA), Thailand, the United Kingdom Customs Service, and the Chicago Police Department to vigorously attack the West African heroin smuggling problem. Thus far, Customs has initiated 20 heroin investigations with global implications, seized 65 pounds of heroin with a street value of \$60 million, and made 35 arrests.



Customs and DEA conducted Operation Ramp Rats/Skychef to target corrupt airline luggage ramp and cargo employees who diverted shipments of narcotics from arriving flights from South America at Miami International Airport. To date, approximately 72 airport employees have been arrested or indicted for their involvement in the diversion of narcotics shipments, conspiracy to possess with intent to distribute cocaine, and/or conspiracy to import a controlled substance.

Operation Orion is a joint effort by Customs, the Royal Canadian Mounted Police, DEA, Immigration and Naturalization Service (INS), Border Patrol, and local sheriff offices to address the proliferation of smuggling between the ports of entry in eastern Washington and northern Idaho. Results include the establishment of an intelligence distribution network, the seizure of 1,157 pounds of marijuana, 40 arrests, and the seizure of \$680,000 and 9 vehicles.

Money Laundering: In FY 1999, Customs built a sophisticated infrastructure to address the key business and payment systems, identified by Operation Casablanca and other undercover operations, being exploited by international criminal organizations. The focus was on the Black Market Peso Exchange (BMPE). As the primary international trade mechanism being used to facilitate the movement of illegal proceeds, the BMPE has become embedded into international commerce, depriving countries of tax revenues and skewing trade statistics.

The MLCC was directed by Treasury to be the nucleus for all intelligence gathering and industry outreach on the BMPE. The MLCC is the only U.S. government entity tracking the BMPE and figures prominently in the Treasury National Money Laundering Strategy. MLCC educated Customs offices on the impact of the BMPE laundering process, enabling them to then educate the multinational business community. Customs also engaged in cooperative efforts with Treasury, Internal Revenue Service, the Financial Crimes Enforcement Network, and others, to design strategies to disrupt and dismantle the BMPE. These efforts are ongoing and provide a global impact. Significant foreign revenues are now being recovered by foreign economies representing a significant part of their gross national product.



Operation Ramp Rats/Skychef, Miami, FL. Seized drugs hidden in a Skychef cart designed specifically for smuggling narcotics.

Trade Fraud: Investigative successes during FY 1999, include the opening of 720 textile smuggling and transshipment related cases which resulted in 20 arrests, 8 indictments, 11 convictions, 43 seizures and 1 penalty. In one such investigation, agents seized 43 containers of textiles and wearing apparel, valued at \$13 million, that were smuggled from China. Another investigation resulted in the seizure of 25 containers of textiles and wearing apparel, valued at over \$2 million, that were also smuggled from China. This seizure is part of an undercover operation where evidence was collected that identified suspects who smuggled from China, over 300 containers of textiles and wearing apparel, valued at approximately \$100 million. A third investigation, an undercover Intellectual Property Rights operation, culminated in the execution of 2 search warrants of storage facilities which resulted in the seizure of 530,000 pieces of counterfeit designer handbags and luggage valued at over \$20 million. Another textile investigation resulted in the conviction of an individual responsible for transshipping \$10.3 million in merchandise to avoid quota restrictions and duty payment.

In addition, OI established the Forced Child Labor Command Center, which acts as a clearinghouse for allegations of prohibited imports of forced labor products. The importation of goods produced by forced or indentured child labor places American consumers at risk of unwittingly supporting the exploitation of children worldwide. Additionally, an aggressive outreach program has been designed to educate manufacturers, importers, and the public and develops specific outreach efforts.

Strategic Investigations: The strategic investigations program deals with: 1) violations of U.S. laws involving trafficking by proliferant countries, terrorist groups and criminal organizations in sensitive and controlled commodities, including weapons of mass destruction (WMD) and related technologies, munitions, and firearms; 2) violations of economic sanctions and embargoes; and 3) the export of stolen property. In FY 1999, Customs increased liaisons and resource deployment dedicated to outside agency (the Federal Bureau of Investigation, State Department, and Commerce)



initiatives and the increasing number of requests from the State Department and other agencies for Customs training and training support, both domestically and abroad.

Investigative efforts beginning in prior years and continuing through FY 1999, resulted in significant disruption of international trafficking activities, especially in the areas of export controlled materials and stolen property. The following bullets highlight the impact of this effort:

- An investigation into a missile-related procurement to the People's Republic of China resulted in the indictment of two foreign nationals, the indictment of two foreign companies, and the seizure of seven fiber optic gyroscopes.
- A foreign national was sentenced to 5 years in prison for attempting to purchase and transfer stealth aircraft and anti-missile technology to China.
- Fines in excess of \$4 million were imposed against multiple companies for the illegal sale and subsequent transshipment of the Phalanx military weapon system to Pakistan.
- The discovery, investigation, and ultimate conviction of 3 people for a stolen vehicle export ring and the attempted illegal export of military aircraft and missile parts to Iran, resulted in a 16-count indictment, 2 arrests, a \$750,000 criminal fine and \$1.9 million in civil forfeitures.
- The illegal export of 20 night vision systems to Iraq valued at \$178,000 resulted in 1 arrest and conviction, a 37-month incarceration, and a \$6,000 fine.
- The illegal exportation of stolen vehicles to Europe resulted in the arrest, indictment, and conviction of 6 individuals and the seizure of 50 vehicles.
- Customs seized over \$180,000 of currency and there was a guilty plea by a U.S. citizen for violation of Trading with the Enemy Act of 1917 for multiple shipments of controlled fiber-optic telecommunications equipment bound for North Korea.

Cybersmuggling: Customs continues to aggressively pursue traffickers in child pornography, and those that commit other crimes through use of the Internet or other electronic media, by disrupting and dismantling the international organizations involved in these crimes. In FY 1999, Customs made 204 arrests related to child pornography, and provided training on how to conduct Internet child pornography investigations to over 1,000 foreign prosecutors, legislators, and law enforcement officers in over 12 foreign countries. In November 1998, a Cyber Crimes Unit was developed to focus on non-child pornography Internet crimes. Customs continued to enhance its computer forensics program by developing a technology infrastructure to better equip investigators of international Internet crimes. Thirty-four special agents were trained as Computer Investigation Specialists, giving Customs a total of 86 trained computer forensic investigators. At the close of FY 1999, Customs had over 120 open cyber crime investigations.

Trade Facilitation

Customs continues to implement aspects of the Customs Modernization Act of 1993, including a second release of the NCAP Prototype, and new automation support for such programs as the Reconciliation Prototype and Remote Location Filing. Reconciliation is a major modernization initiative that is being used by more than 1,000 importers to file electronic consolidated amendments on their import entries.

The Account Management Program has grown to include over 700 national importer accounts and port accounts, far exceeding the projections for this program. Customs has increased its informed compliance efforts through use of commodity-specific public outreach seminars, publications, and expanded use of the Internet.

Customs continues to promote the move to more transparency in the procedural requirements for trade. In turn, these requirements will promote efficiencies such as the rapid release of goods through Customs. The negotiations of the Free Trade Area of the Americas, which started in the spring of 1999, will go beyond previous trade agreements to include Customs clearance procedures. In addition, Customs continues to work with the Asian Pacific Economic Cooperation negotiations, the expansion of the Caribbean Basin Initiative, as well as to work to bring African nations into the mainstream of market economies.



Import and Export Compliance

To continually improve our Compliance Measurement and Compliance Assessment programs, we have incorporated "significance" and "materiality" into these programs using statistically valid and selective measures. This helps insure that Customs and the trade's resources are focused on the most important issues.

In 1999, Customs began implementing a four-step national Risk Management program to target areas posing the greatest threat of non-compliance. Established Customs programs such as compliance measurement, compliance assessment, account management, and enforce evaluation teams, are critical components of Customs Risk Management program. In 1999, Customs introduced the national Focus on Non-Compliance program that incorporates Risk Management principles.

In the outbound (export) arena, Customs continued its aggressive outreach efforts to heighten the trade community's knowledge of export laws, rules and regulations, and port procedures for all methods of transportation. For example, Customs provided 73 air and seaport compliance workshops, reaching 409 people from the export community, and also conducted 1,393 outreach visits, reaching 1,708 people. Surveys have been conducted at the Northern and Southern Borders to establish a baseline compliance rate for border export compliance.

In the outbound environment, Interest Based Negotiations between the trade and government resulted in the identification of enhancements to the AES during FY 1998. Regulations were published in 1999 to provide a sound export reporting program for commodity data, establish AES, and provide for electronic manifests. In cooperation with the sea carriers, enhancements to the vessel transportation module were developed in AES to provide increased transportation data for targeting potential violators and to ensure greater adherence to export requirements and business practices.

In an effort to assist in global compliance, Customs coordinated and delivered four Department of Defense/Customs counter-proliferation programs and 12 Project Amber counter-proliferation programs. In addition, two hands-on training courses on WMD border enforcement for mid- and upper-level managers were conducted at the new Counter-Proliferation Training Center in Richland, Washington.



Customs Seaport, Los Angeles, CA.



For instances of willful fraud or gross negligence, traditional enforcement methods were used. These methods include penalties, seizures, and, as appropriate, criminal prosecution. Customs focused on the interdiction of undeclared currency, stolen vehicles, munitions, dual-use materials with military applications, precursor chemicals, and the enforcement of embargoes against countries sanctioned for supporting terrorism. During FY 1999, the Federal Law Enforcement Training Center conducted four classes focusing on antiterrorism/aviation safety and security. Ninety inspectors from 20 airports attended the training. The Automated Targeting System/Antiterrorism (ATS/AT) was deployed at 12 major airports and 45 inspectors were trained in the use of the system. Twelve mobile x-ray vans were delivered to major airports. The joint-use x-ray vans and the ATS/AT were jointly responsible for 327 seizures and/or detentions of dangerous goods (hazardous materials) as defined by Federal Aviation Administration standards.

Travel Facilitation

In the passenger environment, Customs tested pre-enrollment programs that permitted approved low-risk applicants to utilize Dedicated Commuter Lanes (DCL) at several land border ports. The DCLs help reduce congestion through the regular traffic lanes by allowing low-risk pre-registered vehicles and passengers to cross with little or no primary interaction with Inspectors. The General Aviation Telephonic Entry program continued to be tested, allowing pre-approved general aviation aircraft, pilots, and passengers to report their arrival from Canada telephonically and to proceed without inspection if not selected for a physical examination.

Passenger Service Representatives, who have been working in the airport environment for several years, were tested at land border ports to help inform the traveling public of Customs requirements, to address complaints timely, and to measure customer satisfaction with the passenger process. At major international airports, Customs now has 35 passenger information kiosks to assist travelers with commonly asked questions concerning Customs requirements, prior to their departure from the United States.

Customs met its customer service goal by processing 95 percent or more of compliant non-precleared air passengers within 5 minutes of baggage claim to exit. Moreover, Customs continued to work jointly with the INS to process compliant southern land border passengers within 30 minutes and compliant northern land border passengers within 20 minutes from the time the passengers entered the primary queue. In addition, Customs expanded the use of license plate readers at land border POEs to improve processing.

Did you know?

In 1970, Customs, with cooperation from the Department of Defense, established the Detector Dog Program. The canines were to assist the Customs Officers in contributing to the seizures of drugs and other contraband at various ports of entry; such as airports, seaports, and border crossings. In 1974, because of the success of the detector dog program, the training facility was relocated from San Antonio, to Front Royal, Virginia. The land that the Front Royal facility rests on was formerly the Virginia Beef and Cattle Research Center and further dates back to the Civil War when it was a United States Calvary Remount Station. By 1980, the Detector Dog Program was renamed the Canine Enforcement Program. Today, there are 587 dog teams trained to detect narcotics and currency.



Customs Canine Enforcement Officer and his K-9 inspecting vehicles at San Ysidro, CA.



In accordance with the Government Performance and Results Act (GPRA), Customs has established a comprehensive series of performance goals. These goals are set at high levels in many cases to challenge the creativity of the organization. The development of performance goals and indicators will continue to be a dynamic process.

While Customs did not achieve every performance goal, it is important to remember that under GPRA, performance goals are merely points on which to focus. Performance goal shortfalls may be acceptable, as long as subsequent progress is made to achieve them or a genuine effort is made to determine why the goal was not reached. Where strategy and process performance goals are reached, Customs will establish new performance goals for the future. Where goals are not reached, Customs will continue to take steps to achieve them and, where necessary, adjust unrealistic goals.

Narcotics

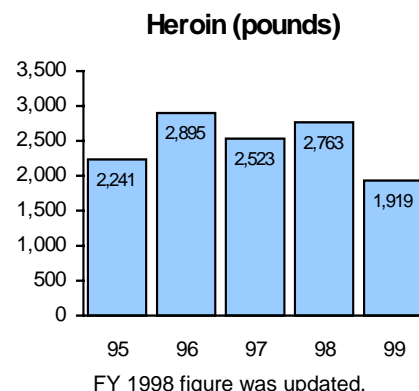
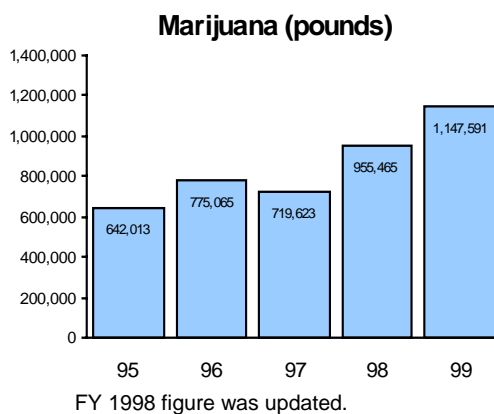
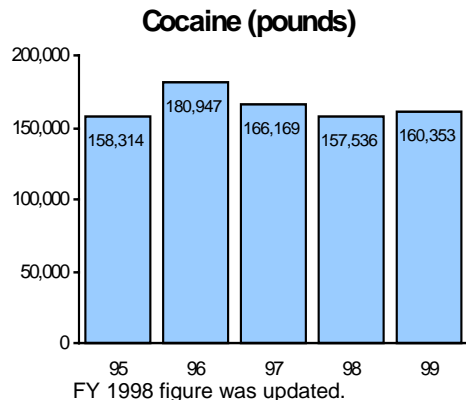
Strategic Objective: To reduce the flow of drugs across the U.S. border and disrupt and dismantle DSOs through unified intelligence, interdiction, and investigative efforts.

Goal: Seize at least 160,000 pounds of cocaine, 3,000 pounds of heroin, 805,000 pounds of marijuana.

Measured Results: Customs seized or assisted in the domestic seizure of 160,353 pounds of cocaine, 1,919 pounds of heroin, 1,147,591 pounds of marijuana.

The quantity of narcotics seized was up 207,554 pounds, or 17.5 percent, above FY 1998 (up 1.8 percent for cocaine, up 20.1 percent for marijuana, but down 30.5 percent for heroin). Customs exceeded its marijuana seizure (pounds) goals by over 43 percent. This success is due largely to enhanced Southwest Border, maritime interdiction and OI/OFO operational initiatives. Specifically, Customs conducted the Border Coordination Initiative with the INS and Frontline, a new and innovative approach to enforcement operations, which is the continuation of Operation Brass Ring. Also, the increase in seizures was due in part to Southern Frontier, a working group chaired by the Attorney General, who focused on the South Florida/Caribbean enforcement efforts.

Customs seized about one-third fewer pounds of heroin in 1999. In FY 1998, Customs seized the largest amount of heroin since 1993, primarily due to the identification and seizure of several large shipments of heroin. The decline in the amount of heroin seized in FY 1999 could be the result of traffickers reacting to our successes in FY 1998 by adjusting their tactics, reducing their load size, and changing their concealment methods.





Goal: Develop a baseline to measure DSO's transportation costs.

Measured Results: A "proof of concept" study was completed by Customs in February 1999 that suggested a causal relationship between the enforcement efforts of Customs and the fees charged by drug smuggling organizations to transport cocaine into the United States.

To validate and amplify the initial research, the Office of National Drug Control Policy sponsored a follow-up study by an independent contractor. During the summer of 1999, economists and statisticians reviewed over 14,000 Customs records that contained drug transportation cost data. This data, which spanned the last 10 years, was normalized and correlated with Customs resource allocations during that same period. Analysis has verified the original premise of a positive correlation between enforcement and transportation costs. However, additional analysis is needed to determine the interactions of various resources and the impact of Customs investigative and interdiction efforts.

Goal: Make at least 2,500 cocaine seizures, 1,250 heroin seizures, 14,000 marijuana seizures.

Measured Results: Customs made or assisted in making 2,509 cocaine seizures, 911 heroin seizures, and 15,699 marijuana seizures.

Customs exceeded its goal for marijuana seizures by 12 percent, met its goal for cocaine seizures and was under its goal for heroin seizures by 27 percent. The total number of narcotics seizures was 23,058, down by 515, or 2.2 percent, from FY 1998 (up 5.8 percent for cocaine, up 1.0 percent for marijuana, down 13.2 percent for heroin). The increase in the number of marijuana seizures is due largely to enhanced Southwest Border and maritime interdiction such as the Border Coordination Initiative and the follow-up to Operation Brass Ring. The average marijuana seizure was 77.6 pounds, which was above last year's average of 61.5 pounds and above the 5-year average.

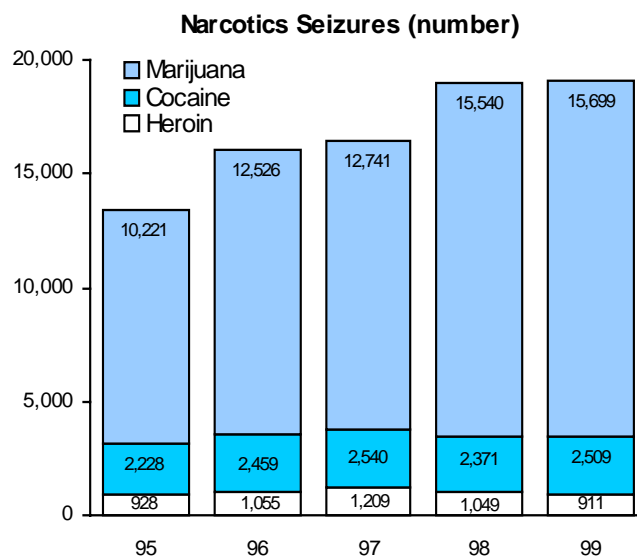
The decline in the amount of heroin seized in FY 1999 could be the result of traffickers reacting to our successes in FY 1998 by adjusting their tactics, reducing their load size, and changing their concealment methods.

Goal: Seize at least 15,000 pounds of cocaine and at least 1,500 pounds of marijuana from transit zone efforts.

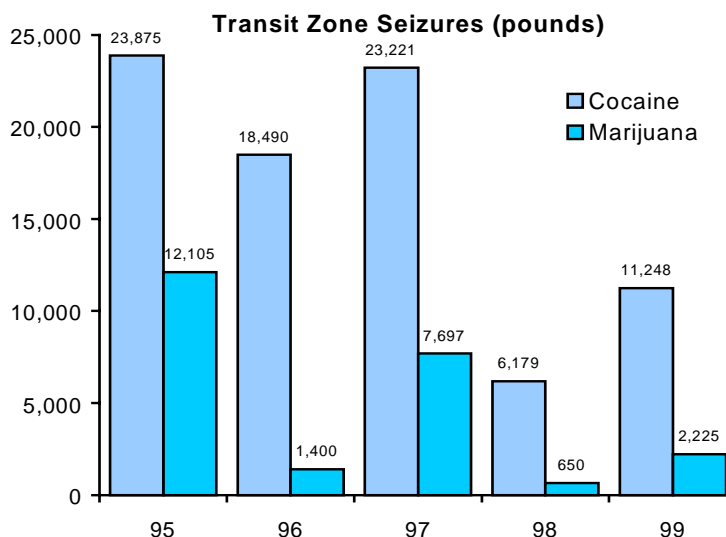
Measured Results: Customs seized 11,248 pounds of cocaine and 2,225 pounds of marijuana from transit zone efforts.

Most of the seizures were in the Bahamas (due to an increased Law Enforcement Agency presence), Mexico, and Guatemala. The Guatemalan police were very responsive to air targets, and have made seizures "after-the-fact."

We fell short of our cocaine seizure goal primarily for one reason. The Joint Interagency Task Force (JIATF)-East uses Customs primarily against air targets. Customs, however, understands that most of the cocaine moving through the transit zone is moving on board maritime vessels. We see that as our challenge for the next year.



FY 1998 figures were updated.





Customs will encourage JIATF-East to employ us where we can maximize our effectiveness in both air and maritime movement, and cause the maximum disruption possible. This should result in Customs improving its seizures at or near Haiti.

The Customs Air and Marine Interdiction Division is successful in detecting and monitoring air movement throughout the Transit Zone, including the Caribbean. Seizures of narcotics in this area, however, remain low, because of limited host-nation resolve and available assets (e.g., interdiction forces). Host-nation resolve is defined as the level of commitment of a foreign nation to support U.S. counter-narcotics efforts. With increased host-nation resolve, it is expected that narcotics seizures in the Caribbean would increase significantly, thereby forcing the narcotics traffickers to consider changing modes of transportation (e.g., land movement) or shifting their routes to other geographic locations.

Money Laundering

Strategic Objective: To identify and disrupt the systems and criminal organizations that launder proceeds generated by smuggling, trade fraud, and export.

Goal: Develop a baseline for costs for criminal organizations to launder money.

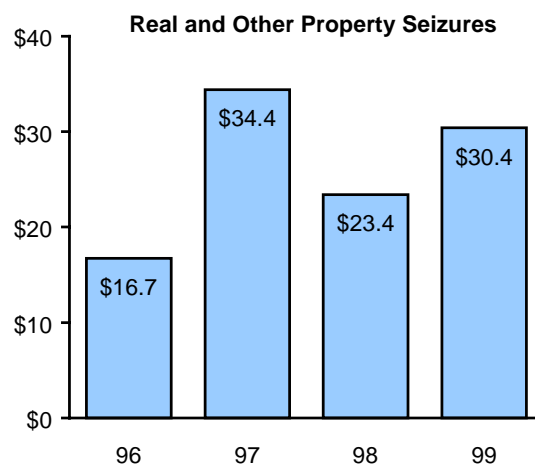
Measured Results: The baseline has been delineated among two lines: 1) Movement of bulk currency; and 2) pick up operations. The average cost, measured as a percentage of the total amount being laundered, was determined to be approximately four percent for bulk currency and eight percent for pick up operations nationally.

As the baseline was developed during FY 1999, there are no results to report how Customs enforcement activities have affected these percentages. In FY 2000, plans are to complete a Cost of Doing Business Study with respect to money laundering. The findings will enable Customs to determine how to place resources and concentrate on employing those techniques that are most successful.

Goal: Seize at least \$37.5 million in real and other property as a result of money laundering investigations.

Measured Results: Customs officers seized or assisted in the domestic seizure of \$30.4 million in real property in association with financial crime investigations.

While the amount in real property seizures is below the FY 1999 goal, it is 30 percent above last year's amount. The actual amount for FY 1998, which was previously reported as \$16.0 million, has been updated to \$23.4 million. Due to the conclusion of Operation Casablanca, the largest narcotics money laundering investigation conducted in the history of U.S. law enforcement, the lower 1998 totals for real property seizures were an anomaly. The 30 percent increase above last year's amount is due to the residual effects of Operation Casablanca because judicial forfeitures were completed in 1999. All of the gains expected from expanding the Asset Identification and Removal Groups (AIRG) to every Special Agent-in-Charge office were not realized in FY 1999, but should be fully realized in FY 2000.



Goal: Seize at least \$280 million in total monetary instruments.

Measured Results: In FY 1999, Customs seized, or assisted in the domestic seizure of a total of \$329.7 million in monetary instruments, about 18 percent above our goal of \$280 million.

We believe this increase to be the result of several factors: 1) after effects of Operation Casablanca, which have allowed Customs to target previously unknown laundering cells, enabling a surge of money laundering investigations; 2) the AIRG's maturation in their development and capabilities, and expansion to all 20 Special Agent-in-Charge offices; and 3) successes in undercover enforcement operations, combined with the regulatory pressures of Geographic Targeting Orders, which have forced criminal organizations to use less secure and vulnerable laundering systems, such as bulk currency smuggling, to move illegal proceeds out of the United States. Outbound currency seizures alone continued their 2-year upward trend in FY 1999, with 1,483 seizures totaling \$60.5 million.



Trade Compliance

Strategic Goal: Maximize trade compliance utilizing a risk management approach, enabled by a modern infrastructure and increased transparency.

Strategic Objectives: A) Complete the process redesign and implement the Customs Modernization Act. B) Implement innovative programs designed to increase compliance. C) Administer and enforce NAFTA and other trade agreements. D) Increase international cooperation. E) Improve fiscal management of the trade compliance process to support the CFO Act.

Customs continues to make progress in raising overall trade compliance. The Overall letter-of-the-law compliance for FY 1999 is 82 percent. In 1998, to better focus compliance improvement efforts, Customs introduced the concept of significance in defining discrepancies found in our Compliance Measurement program. With significance factored in, the FY 1999 compliance rate is 90 percent compared to the FY 1998 significance rate of 89 percent. Based on major transactional discrepancies (i.e., significance factored in) we have reached our goal of achieving 90 percent overall compliance.

The overall PFI letter-of-the-law compliance for FY 1999 is 85 percent. With significance factored in, the overall PFI rate is 91 percent. These rates improved by one percent compared to FY 1998. Projections based upon compliance data from FY 1995 to the present, indicates that Customs will reach the overall PFI significance compliance rate of 95 percent by FY 2004.



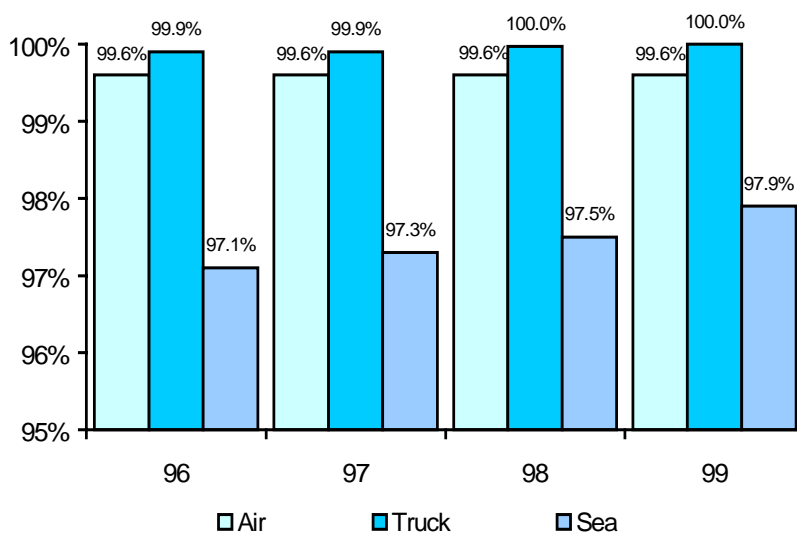
Border Inspection Station, Mariposa, Arizona.

Goal: For unexamined entries, release 99.6 percent of air, 99.9 percent of truck, and 97.1 percent of sea entries on the same day they are filed.

Measured Results: For unexamined entries, Customs released 99.6 percent of air, 100 percent of truck, and 97.9 percent of sea entries on the same day they were filed.

Customs achieves these high percentages because its automated systems permit the screening of vessel and sea cargo entries prior to arrival. Customs typically releases unexamined entries the same day they are filed. In addition, on the land borders, Customs has instituted a low-risk commercial cargo and truck screening process which permits Customs to release many cargo shipments immediately upon arrival. FY 1996 and 1997 data has been provided through means outside of Customs current automated systems. Accordingly, this data was compiled and/or estimated from other existing manual records.

% Unexamined Entries Released Same Day Filed





Passenger Processing

Strategic Goal: Ensure compliance and allow the expeditious movement of low-risk travelers by increasing traveler awareness and by targeting, identifying, and examining high-risk travelers.

Strategic Objectives: A) Achieve voluntary compliance through awareness of Customs requirements. B) Develop and refine methods to select high-risk passengers in advance of arrival. C) Intercept high-risk passengers, while expediting low-risk passengers. D) Physically inspect passengers, baggage, and vehicles for the purpose of determining compliance with laws and regulations.

Current Category One and Two Violation Definitions

Category One

Drugs (above Zero Tolerance)*, Merchandise (over \$1,250 Domestic Value), Prohibited Weapons and Explosive Devices (except Fireworks), Controlled (21 Code of Federal Regulations §1311.27) or Prohibited Medications (over 1,000 units), Undeclared Currency over \$10,000, and Arrests (excluding Zero Tolerance).

Category Two

All arrests, and/or seizures that do not match Category One criteria and any noncompliance with established laws, rules, regulations, and/or specific law, rule, or agreement which Customs is responsible for enforcing.

*Zero tolerance pertains to "personal use" quantities. Personal use quantities are defined as that amount of controlled substance which indicates no evidence of intent to distribute, or to facilitate the manufacturing, compounding, processing, nor delivering of the controlled substance, or the importing or exporting of a controlled substance in quantities which are not intended for immediate personal use. As a guide, the following quantities are presumed to be for personal use unless evidence of illicit trafficking or distribution exists:

Marijuana (1 ounce), Hashish (1 ounce), Cocaine (1 gram),
Heroin (1 gram), PCP (1/10 gram), LSD (10 units), and Methamphetamine (1 gram).

Goal: Achieve an estimated rate of "Category One" violations of no more than 1 violation per 1,800 vehicles at major land borders and 10 violations per 12,000 air passenger declarations.

Measured Result: Customs estimated:

- 1 violation per 1,660 vehicles in FY 1999;
- 1 violation per 2,013 vehicles in FY 1998;
- 1 violation per 2,573 vehicles in FY 1997; and
- 1 violation per 1,996 vehicles in FY 1996.

Customs estimated 5.1 violations per 12,000 air passenger declarations in 1999.

Customs has raised the confidence interval of Passenger Compliance Rates by increasing the minimum random sample size of land vehicles from 10,000 to 12,000 per year based on an analysis of the historical data and measured results for FY 1996, 1997, and 1998. The minimum random sample size for commercial air passengers remains at 10,000 per year and the participants are encouraged to increase the sample size to 12,000 annually.



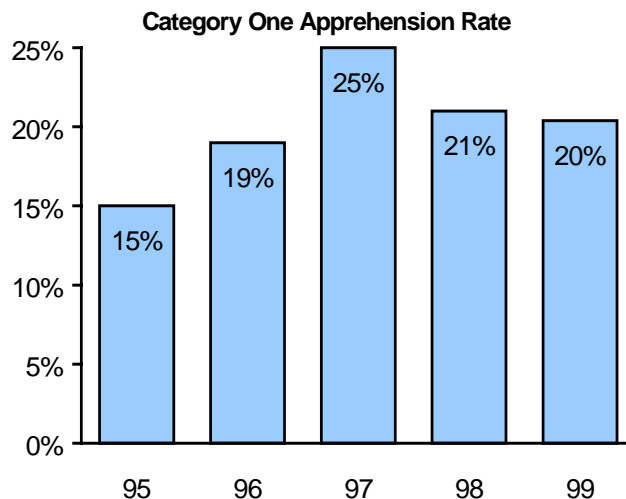
Border Inspection Station, Otay Mesa, California.
U.S./Mexican Border appears on the right.



Goal: Achieve an apprehension rate of at least 20 percent for "Category One" violation vehicles at major land borders.

Measured Results: Customs achieved an apprehension rate of 20.1 percent for "Category One" violation vehicles at major land borders.

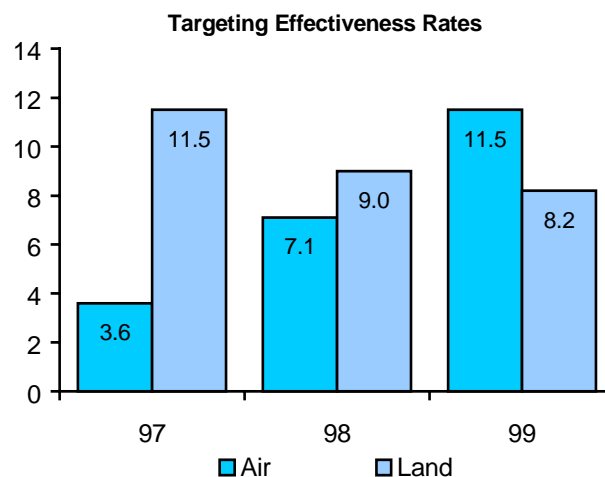
The apprehension rate is an estimate of the portion of "Category One" violations actually identified and apprehended. The apprehension rate is also referred to as the exam ratio, which is the percentage of enforcement exams that result in the identification of "Category One" violations. This number is based on statistical sampling methodology in effect at all land border ports. FY 1995 and 1996 data was compiled and estimated from existing manual records. FY 1997, 1998, and 1999 data were gathered from a Customs automated database.



Goal: In selecting vehicles for inspection, achieve a targeting effectiveness rate that is at least 10 times more productive than random selectivity for vehicles at major land borders and for passengers at major airports.

Measured Results: Customs achieved a targeting effectiveness rate that is 11.5 times more productive than random selectivity for passengers at major airports and 8.2 times more productive than random selectivity for vehicles at major land borders.

At airports, air passenger targeting efficiency increased from 7.1 to 11.5 times more productive than random selectivity. In order to reach our goal this year, Customs has implemented various new targeting methods for increasing its efficiency such as advanced passenger information.

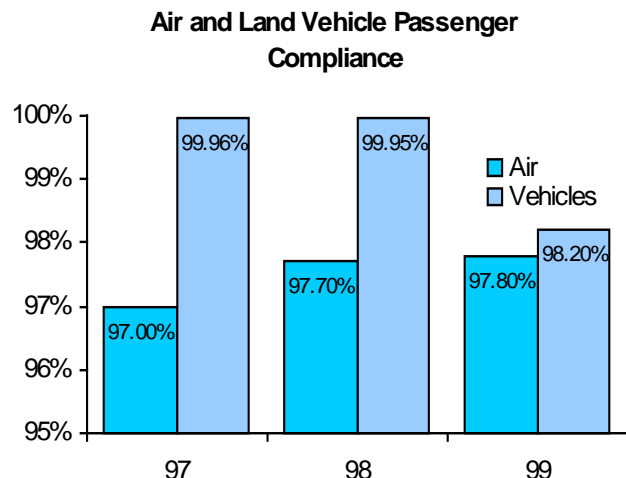


Customs targeting efficiency rate at land borders decreased from 9.0 to 8.2 times more productive than random selectivity. Current targeting capabilities appear to limit the ability of Customs to increase its targeting efficiency levels. In an effort to increase the targeting efficiency levels, Customs has created a database and a team to analyze search data to improve targeting. At the land border and airport environments, Customs is undertaking intensive refresher training to improve targeting techniques.

Goal: Achieve an Air Passenger Compliance Rate of at least 97.7 percent and a Vehicle Compliance Rate of at least 99.97 percent.

Measured Result: The air passenger compliance rate was 98.2 percent. The vehicle compliance rate declined slightly to 97.3 percent.

The decrease in the vehicle compliance rate from FY 1998 led to numerous initiatives to enhance the compliance rate for vehicles as well as in the air and sea environments. Customs has embarked on an intensive campaign to better inform travelers of all the procedures and necessary requirements prior to being processed by Customs. Various developments include literature, brochures, signage, and Internet communications to increase the compliance rate.



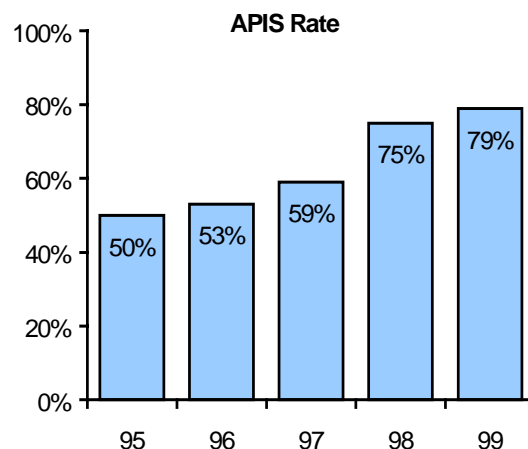
FY 1999 data includes Category 1 and 2 violations. FY 1997 and 1998 compliance rates for land vehicles is based only on Category One violations only.



Goal: Receive air passenger data through the Advance Passenger Information System (APIS) for at least 80 percent of non-precleared flights.

Measured Results: Customs received data through APIS for 79 percent of non-precleared flights.

APIS is a cooperative effort between Customs, the Immigration and Naturalization Service, and participating airlines. Advance passenger information is collected by the airlines at time of check-in and transmitted to Customs to aid in the targeting and identification of high-risk passengers, leading to more effective narcotics interdiction and passenger processing. In FY 1999, nine additional carriers signed an APIS Memorandum of Understanding designed to improve the quantity and quality of data transmitted to Customs, as well as improve the total processing time of passengers by all Federal Inspection Service agencies for passengers from aircraft block time through the exit. Data from FY 1995 and 1996 was provided through means outside Customs automated data systems. This data is estimated from other automated and manual collection systems. Data for FY 1997 and 1998 is provided from Customs automated databases.



Goal: Clear at least 95 percent of all non-precleared air passengers through Customs, from checked luggage retrieval to exit, within 5 minutes.

Measured Results: Customs cleared 95 percent of all non-precleared air passengers through Customs, from checked luggage retrieval to exit, within 5 minutes.

Data for this measure is based on surveys performed at selected airports. Customs maintained a 5-minute or less processing time for the past 5 years.

Outbound

Strategic Goal: To maximize the degree of compliance with United States export requirements while simultaneously facilitating international trade in order to protect the national security, economic interests, and the health and safety of the American people.

Strategic Objectives: A) Establish an electronic data-driven Outbound Process. B) Develop and implement a comprehensive compliance program for the Outbound Program. C) Interdict, investigate, and support prosecution of willful violators of outbound laws, embargoes, and sanctions with the primary focus on terrorism, currency, stolen vehicles, and controlled commodities.

Goal: Attain an AES participation rate of at least 30,000 exporters.

Measured Results: Customs achieved an overall AES participation rate of 33,655 exporters.

The AES is an automated system that captures export data. AES unifies the export reporting and enforcement missions of multiple government agencies. Current export data reporting is inaccurate and underreported; an estimated 7 to 15 percent of export shipments is not reported. AES is designed to help prevent reporting errors which affect the accuracy and quantity of export trade data. Ports are encouraged to aggressively market AES. Customs can measure marketing efforts by monitoring the increases in AES participation. During FY 1999, Customs surpassed its targeted participation goal by 12 percent. In an effort to give a clearer picture of AES participation, in FY 2000, this measure will capture the following elements: 1) number of exporters; 2) number of lines; and 3) percentage of transactions filed through AES.



Goal: Attain compliance rate of at least 92 percent with key export reporting requirements.

Measured Results: 93.1 percent compliance with the timely filing of the vessel manifest.
94.9 percent compliance with the timely filing of the vessel bills of lading.
86.5 percent compliance with the timely filing of SEDs on the land borders.

During FY 1999, Outbound Compliance Measurement Surveys were conducted on both the Northern and Southern Borders. The results of these statistically valid surveys will be used to set baseline rates for border compliance. Outbound is working with OST to develop statistically valid surveys to measure air manifest compliance for the nation. A statistically valid method to determine vessel manifest compliance has been developed and will be implemented as vessel carriers complete their program and transmit manifest data electronically to AES. To continue participation in the carrier agreement program, the carriers will maintain the annual level of compliance for the key reporting requirements. Manual audits will continue for non-automated carriers.

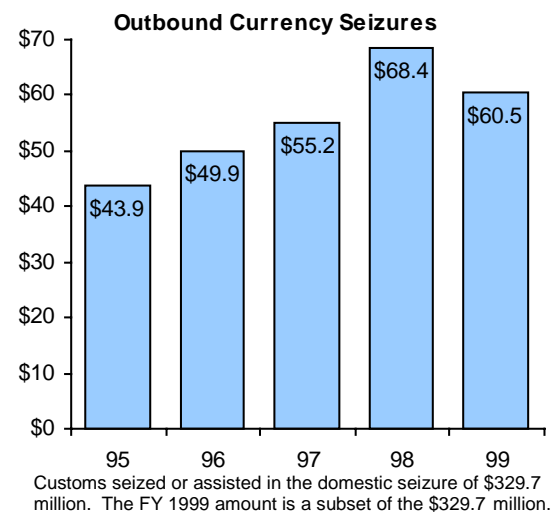
Goal: Achieve an overall targeting effectiveness rate of at least 7 percent in outbound cargo shipments.

Measured Results: Customs achieved an overall targeting effectiveness rate of 11.5 percent in outbound cargo shipments. In FY 2000, we plan to develop ways to improve collection of data, thereby improving the accuracy of the targeting effectiveness rate.

Goal: Seize at least \$59 million in currency bound for illegal exportation.

Measured Results: Customs seized \$60.5 million in currency bound for illegal exportation.

In FY 1999, 1,483 seizures were made totaling approximately \$60.5 million. Southwest Border seizures increased from \$14.4 million in unreported outbound currency in FY 1998 to \$16.5 million in FY 1999. The Port of Chicago made a significant contribution with the single largest seizure of \$1,565,658 in one outbound shipment. Customs exceeded its goal of \$59 million in currency seizures due to the establishment of full-time Outbound teams, increased efforts to conduct outbound enforcement examinations, and the implementation of formalized outbound currency interdiction training. The increased use of forfeiture funds for participation of state and local officers in enforcement operations contributed to the increase in Southwest Border currency seizures.



Goal: Make at least 648 combined seizures of munitions, high technology, and Office of Foreign Asset Control (OFAC)-sanctioned items.

Measured Results: Customs made 902 seizures of munitions being illegally exported.

Measured Results: Customs made 53 seizures of high technology items illegally exported.

Measured Results: Customs made 112 seizures of OFAC-sanctioned items.

Operation EXODUS is a Customs intensified enforcement program designed to intercept illegal exportations of munitions, strategic technology, and shipments destined for sanctioned countries. The program supports national security and foreign policy. Although we exceeded our goal for high technology seizures, the seizure results for FY 1999 were lower in comparison to FY 1998 technology seizures. This is due to the new definition for the measure of outbound licensing violation seizures which states that commerce technology seizures will only include export licensing violations. Therefore, in FY 1999, SED violation seizures were reported separately. Customs made 1,291 seizures for other SED violations. Had the SEDs been included in FY 1999 as they were in FY 1998, the total number of high technology seizures would have shown an increase.

